Department of Finance

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News Release

Immediate release

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Notice of Ways and Means Motion Tabled

The Honourable Carol Skelton, Minister of National Revenue, on behalf of the Honourable Jim Flaherty, Minister of Finance, today tabled in the House of Commons a Notice of Ways and Means Motion proposing amendments to the Excise Tax Act that would eliminate the goods and services tax Visitor Rebate Program effective April 1, 2007.

The Notice of Ways and Means Motion and a schedule containing further information are attached. References in the schedule to "Announcement Date" should be read as references to today's date.

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Schedule

Detailed Proposals on the Elimination of the GST Visitor Rebate Program

This schedule provides information on proposed amendments to the Excise Tax Act that would eliminate the goods and services tax (GST) Visitor Rebate Program effective April 1, 2007. References to the GST should be read as references to the GST and the federal component of the harmonized sales tax (HST). Details regarding the provincial component of the HST as it relates to the Visitor Rebate Program will be provided at a later date.

The GST is a value-added tax that applies to the vast majority of goods and services in Canada. The Visitor Rebate Program provides GST relief in respect of goods exported from Canada by non-residents, short-term accommodation and certain tour packages for non-residents, and certain property and services used in the course of conventions held in Canada.

The Visitor Rebate Program is proposed to be eliminated effective April 1, 2007, as part of the package of specific spending restraint measures announced by the Government on September 25, 2006. Under the proposed amendments, if a written agreement for a supply to which GST relief applies was entered into prior to Announcement Date, the relief would generally continue to be available (as described below) to recognize the fact that contracts may have been negotiated based on the availability of that relief. In addition, the current one-year period to claim a rebate would continue to apply.

The proposed amendments would apply as follows:

Goods

- Non-resident consumers that purchase goods in Canada on which the GST becomes payable after March 31, 2007, would no longer be eligible for a rebate of GST in respect of those goods. However, GST would continue not to apply where goods are shipped directly by the Canadian supplier to the non-resident's residence. (The shipping charges are also not subject to GST.)

- Non-resident businesses would still be eligible for a rebate of GST in respect of commercial goods exported. (Not for personal use.)

- Non-resident businesses would also be able to avail themselves of the existing zero-rating provisions for commercially exported goods.

Accommodation

- Non-residents would no longer be eligible for a rebate of GST in respect of accommodation (including campsite fees) after March 31, 2007, unless it is part of a continuous accommodation at the same facility starting before April 1, 2007.

- This GST rebate would continue to be available in respect of accommodation purchased under a written agreement entered into before Announcement Date if the first night of continuous accommodation at the same facility starts before April 1, 2009.

Tour Packages

- Non-residents would no longer be eligible for a rebate of GST in respect of tour packages where the first night of accommodation in Canada included in the tour package is after March 31, 2007.

- This GST rebate would continue to be available in respect of tour packages purchased under a written agreement entered into before Announcement Date if the first night of accommodation in Canada is before April 1, 2009.

Conventions

Sponsors and Organizers of Foreign Conventions

- Sponsors and organizers of foreign conventions in Canada (generally, conventions where at least 75 per cent of participants are non-residents and the sponsor is a non-resident) would no longer be eligible for a rebate of GST in respect of a convention site or related convention supplies relating to a foreign convention in Canada that begins after March 31, 2007.

- This GST rebate would continue to be available in respect of supplies relating to a foreign convention in Canada that begins before April 1, 2009, if the supplies were made under a written agreement entered into before Announcement Date.

Admissions to Conventions

- Currently, a sponsor of a Canadian convention is not required to charge non-resident attendees of the convention any GST on the portion of the admission that is reasonably attributable to the provision of the convention facility or related convention supplies. A sponsor of a foreign convention is not required to charge GST on any admission to the convention (whether the attendee is resident or non-resident).

- Under the proposed amendments, non-residents would be required to pay GST on the full admission price to a Canadian convention that begins after March 31, 2007. Admissions to foreign conventions would continue to not be subject to GST.

- The existing rules would continue to apply in respect of admissions to a convention in Canada that begins before April 1, 2009, if the supply of the admission were made under a written agreement entered into before Announcement Date.

Exhibitors

- Currently, non-resident exhibitors at a Canadian or foreign convention are either not required to pay GST or are eligible for a rebate of GST in respect of the use of the convention site and any related convention supplies acquired by the exhibitor in relation to the convention.

- Under the proposed amendments, non-resident exhibitors would be required to pay GST, and would no longer be eligible for a rebate of GST, in respect of any supply for the use of a convention site or related convention supplies for a Canadian convention that begins after March 31, 2007.

- In the case of foreign conventions, there would continue to be no GST in respect of a convention site or related convention supplies supplied to an exhibitor by the sponsor of the foreign convention. However, if the supplier is not the sponsor of the foreign convention, the non-resident exhibitors would no longer be eligible for a rebate of GST in respect of any supply for the use of a convention site or related convention supplies.

- The existing rules would continue to apply in respect of supplies to non-resident exhibitors relating to a convention in Canada that begins before April 1, 2009, if the supplies were made under a written agreement entered into before Announcement Date.

Notice of Ways and Means Motion to amend the *Excise Tax Act*

That it is expedient to amend the *Excise Tax Act* in accordance with the proposals set out in the attached schedule.